

ECONOMIC DEVELOPMENT REVENUE BONDS POLICIES AND CRITERIA

Montgomery County supports requests for tax-exempt financing from non-profit organizations and selected for-profit businesses seeking to locate or expand their operations within the County on a case by case basis. Montgomery County participates in both the Maryland Industrial Development Financing Authority (MIDFA) and Economic Development Revenue Bond (EDRB) programs. It is the policy of Montgomery County to participate in these financing programs with only non-profit organizations or selected business enterprises which comply with the policies and criteria stated herein.

Additional information:

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GENERAL REQUIREMENTS

1. Where Economic Development Revenue Bonds or Industrial Revenue Bonds are issued, the County may restrict the placement of bonds by the underwriter. All economic development revenue bonds (EDRB) shall contain on the face thereof a statement to the effect that neither the full faith and credit nor the taxing power of Montgomery County or political subdivision is pledged to the payment of the principal, interest or other costs of the bond.
2. Fees - A non-refundable **Application Fee of \$5,000** will be charged at the time the [application](#) is filed to the Montgomery County Department of Finance. Checks should be made payable to Montgomery County and remitted to the Director, Department of Finance with your [application](#). An **Annual Administrative Fee of 10 basis points** will be due and payable at closing and on an annual basis thereafter while the bonds are outstanding. All legal and administrative costs incurred in the course of reviewing and/or pursuing these financing agreements shall be borne by the applicant/borrowers, regardless of whether a financing agreement is ever ultimately consummated.

POLICIES AND OBJECTIVES

1. NON-PROFIT ORGANIZATIONS

- A. The objectives of County participation in tax-exempt financing of non-profit organizations are to:
 - i. Support the presence of significant non-profit organizations in the County which not only strive to achieve their non-profit mission but also enhance the employment base of the County; and
 - ii. Promote the general health and welfare of County residents through the support of medical, educational, and other charitable endeavors.
- B. It is the policy of Montgomery County to participate in tax-exempt financing programs solely for projects that meet *all* of the following criteria:
 - i. The project is of a non-speculative nature (i.e., projects which are developed for a specific occupant).
 - ii. The project complies with federally mandated tax legislation restricting the use of tax-exempt financing to qualified Section 501(c)(3) organizations.
 - iii. The project furthers the charitable purposes of the non-profit.
- C. Non-profit organizations desiring to finance facilities in the County must meet the following additional requirements:
 - i. The organization must be a tax-exempt entity qualified under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended. A copy of the organization's IRS Determination Letter must be provided prior to bond closing.

- ii. The Underwriter must provide a letter to the County stating that the Underwriter has reviewed the financial aspects of the proposed project and has deemed the project financially feasible.
- iii. Any school which is a non-collegiate educational institution as defined under Education Article 2-206 of the Annotated Code of Maryland must hold a Certificate of Approval issued by the State Board of Education. Schools which have a relationship with a bona fide church organization must have received a determination from the State Board of Education stating that they are exempt from the need for a Certificate of Approval.
- iv. Organizations that provide medical or health services must be properly licensed by the County, the State, and/or the Federal government, as applicable.
- v. Religious organizations or organizations with affiliation with a religious organization must obtain a letter of preliminary advice from the County's bond counsel to the effect that the sectarian benefit, if any, to a religious organization from the use of the facilities that are to be bond financed is not in violation of state or federal constitutional limits on the separation of church and state such as to preclude the issuance of tax exempt bonds under state or federal law.

The organization must submit a letter of good standing from the State of Maryland Department of Assessment and Taxation at the time the application is filed.

2. FOR-PROFIT BUSINESSES

- A. The objectives of County participation in making available tax-exempt financing to for-profit businesses are to:
 - i. Support the growth of local businesses;
 - ii. Support a limited list of tax-favored activities (for example, small manufacturing facilities, solid waste disposal facilities, and low-income housing projects); and
 - iii. Enhance the fiscal posture of the County.
- B. It is the policy of Montgomery County to participate in tax-exempt financing programs for projects that meet *all* of the following criteria:
 - i. The project is of a non-speculative nature (i.e., projects are developed for a specific occupant).
 - ii. The project complies with federally mandated tax legislation restricting the use of tax-exempt financing.
 - iii. The business and/or project's landlord pays County property taxes and is current in all property taxes and other amounts due and payable to the County and the State of Maryland.
 - iv. The business must submit a letter of good standing from the State of Maryland Department of Assessment and Taxation at the time the application is filed.
 - v. Projects should have a positive economic and fiscal impact on the County, based on an assessment of relevant costs and benefits.
- C. Special consideration will be given to businesses that:
 - i. Offer significant opportunities to unemployed and under-employed residents of the County;
 - ii. Are located or to be located in areas designated for:
 - a. urban revitalization
 - b. strategically targeted growth
 - iii. Are displaced as a result of government action; or
 - iv. Include plans for significant expansion within, or relocation into the County.